



OFFICE OF
INSURANCE COMMISSIONER

September 29, 2005

Brian Kreger
Ryan Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle, Washington 98101-3034

Re: Proposed acquisition of PacifiCare of Washington
by UnitedHealth Group

Dear Mr. Kreger:

In our first meeting on the Form A here in Tumwater earlier this summer, I informed your client and PacifiCare that market issues would be a serious focus of our review. In subsequent discussions, I have informed you that how your client deals with market issues will be examined to determine whether the pending acquisition could likely be hazardous to PacifiCare of Washington subscribers or the insurance buying public.

Our continuing review of the Form A (which is still incomplete) filed by your client indicates the business plan portion of the filing does not adequately address current market issues experienced by UHC. Market issues include how UHC treats both subscribers and providers and otherwise complies with regulatory matters. Many of those issues are documented in market conduct examination reports and other regulatory activities in other states.

Because of the potential impact of market issues on the insurance buying public and particularly on PacifiCare of Washington subscribers, and because of insufficient staff resources to investigate UHC's market issues, by the authority of RCW 48.31C.030(5)(b), OIC is taking steps to retain experts necessary to review UHC's market issues. As provided by the cited statute, your client will be responsible for the payment of the costs of the expert(s), upon approval of billings by OIC.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Odiorne", written over a horizontal line.

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division